



Thaba Chweu Local Municipality  
Annual Financial Statements  
for the year ended June 30, 2016  
Auditor General South Africa



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## General Information

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### Mayoral committee

Executive Mayor

Councillors

S. Mashigo  
AK Mathaila  
JB Nkosi  
SA Manzini  
M Mahlangu  
N Janse Van Rensburg  
J Lekhuleni  
SE Molobela  
IT Mokoena  
Q Lawrence  
NM Masimola  
J Mkhize  
JM Kock  
W De Jong  
VS Magagula  
RP Malatsi  
MC Masilela  
PP Chima  
NS Sambo  
M Phoku  
MM Mohlala  
PM Mashego  
AB Rabie  
JA Maolela  
JH Lighelm

Grading of local authority

Low Capacity

Accounting Officer

LM Mokwena

Chief Financial Officer

MGT Mnisi

Registered office

Lydenburg  
Mpumalanga  
South Africa  
1120

Business address

Corner Viljoen & Sentraal Street  
Lydenburg  
Mpumalanga  
1120

Postal address

P.O Box 61  
Lydenburg  
1120

Bankers

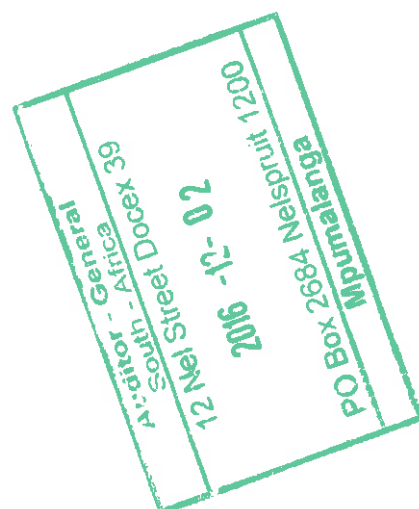
Standard Bank of South Africa

Auditors

Auditor General South Africa

Legal form of entity

Local Municipality





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

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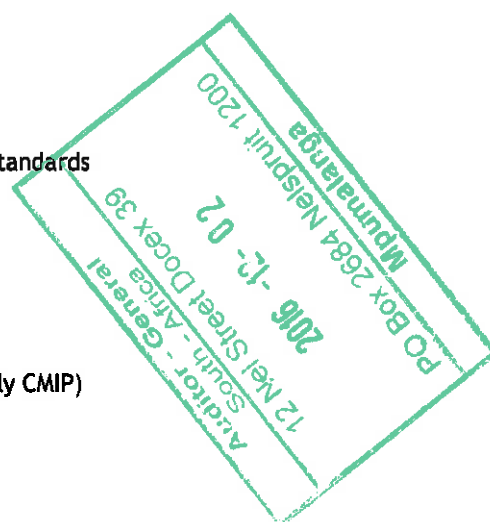
The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

### Acronyms

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
PAYE	Pay As You Earn
VAT	Value Added Tax
UIF	Unemployment Insurance Fund





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the national government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

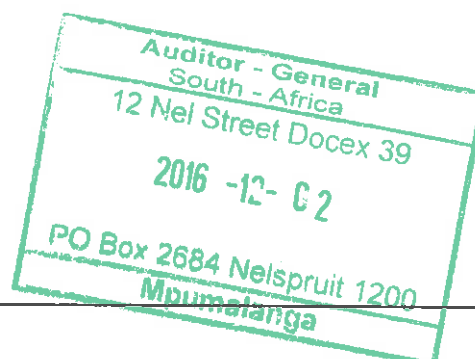
Although the is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 4 to 64, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed on its behalf by:

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Accounting Officer  
LM Mokwena





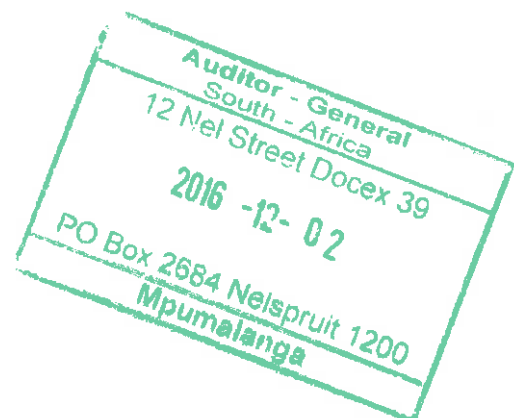
# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	8	41,464,206	31,836,593
Receivables from non-exchange transactions	9	15,568,383	42,937,889
VAT receivable	10	8,937,869	8,707,690
Receivables from Exchange Transactions	11	16,775,991	43,183,481
Cash and cash equivalents	12	5,236,857	8,996,986
		<b>87,983,306</b>	<b>135,662,639</b>
<b>Non-Current Assets</b>			
Investment property	3	305,153,226	336,656,624
Property, plant and equipment	4	2,119,176,858	2,124,046,091
Intangible assets	5	-	11,051
Heritage assets	6	360,341	165,344
		<b>2,424,690,425</b>	<b>2,460,879,110</b>
<b>Total Assets</b>		<b>2,512,673,731</b>	<b>2,596,541,749</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	15	457,462,093	446,481,022
Consumer Deposits	16	4,365,341	4,634,933
Employee benefit obligation	7	28,472,220	29,929,309
Unspent conditional grants and receipts	13	-	12,000,001
		<b>490,299,654</b>	<b>493,045,265</b>
<b>Non-Current Liabilities</b>			
Provisions	14	4,009,701	4,448,923
<b>Total Liabilities</b>		<b>494,309,355</b>	<b>497,494,188</b>
<b>Net Assets</b>		<b>2,018,364,376</b>	<b>2,099,047,561</b>
Accumulated surplus		<b>2,018,364,376</b>	<b>2,099,047,561</b>



\* See Note 38

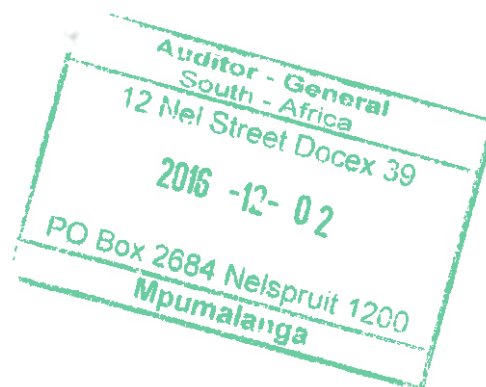


# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

Figures in Rand	Note(s)	2016	2015 Restated*
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	183,068,202	159,656,189
Rental of facilities and equipment	18	2,804,639	2,660,946
Agency services		19,135,953	26,049,886
Finance Income		15,477,095	10,836,326
Other income	19	10,176,896	16,433,387
<b>Total revenue from exchange transactions</b>		<b>230,662,785</b>	<b>215,636,734</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	20	92,514,074	102,028,601
<b>Transfer revenue</b>			
Government grants & subsidies	21	193,572,471	142,573,756
Public Contribution & Donation	22	9,374,000	
Fines and Penalties		3,814,655	4,923,021
<b>Total revenue from non-exchange transactions</b>		<b>299,275,200</b>	<b>249,525,378</b>
<b>Total revenue</b>		<b>529,937,985</b>	<b>465,162,112</b>
<b>EXPENDITURE</b>			
Employee Related Costs	23	(140,258,324)	(118,073,455)
Remuneration of Councillors	24	(9,146,771)	(8,883,956)
Depreciation and Amortisation	25	(83,774,183)	(86,192,054)
Impairment loss/ Reversal of impairments	26	(395,754)	(650,657)
Finance Costs	27	(45,088,567)	(35,901,194)
Debt Impairment	28	(95,911,769)	(107,458,979)
Repairs and Maintenance		(31,620,825)	(17,731,559)
Bulk Purchases	29	(145,403,536)	(131,117,704)
Contracted Services	30	(46,353,030)	(55,569,581)
General Expenses	31	(59,048,473)	(48,146,466)
<b>Total Expenditure</b>		<b>(657,001,232)</b>	<b>(609,725,605)</b>
<b>Operating deficit</b>		<b>(127,063,247)</b>	<b>(144,563,493)</b>
Loss on disposal of assets		(21,611,784)	(42,842,882)
<b>Surplus (deficit) for the year</b>		<b>(148,675,031)</b>	<b>(187,406,375)</b>



\* See Note 38



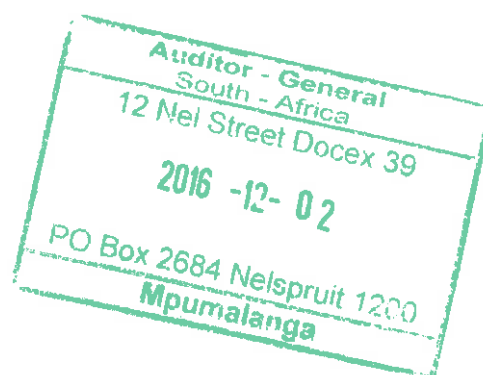
# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Statement Of Changes in Net Assets as at 30 June 2016

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	4,646,110,970	4,646,110,970
Adjustments		
Prior year adjustments (Note 38)	(2,357,761,634)	(2,357,761,634)
<b>Balance at July 01, 2014 as restated*</b>	<b>2,288,349,336</b>	<b>2,288,349,336</b>
Changes in net assets		
Deficit for the year	(187,406,375)	(187,406,375)
Total changes	(187,406,375)	(187,406,375)
<b>Restated* Balance at July 01, 2015</b>	<b>2,100,942,961</b>	<b>2,100,942,961</b>
Changes in net assets		
Prior year Adjustments	67,991,846	67,991,846
Surplus for the year	(148,675,031)	(148,675,031)
Total changes	(80,683,185)	(80,683,185)
<b>Balance at June 30, 2016</b>	<b>2,018,364,376</b>	<b>2,018,364,376</b>



\* See Note 38



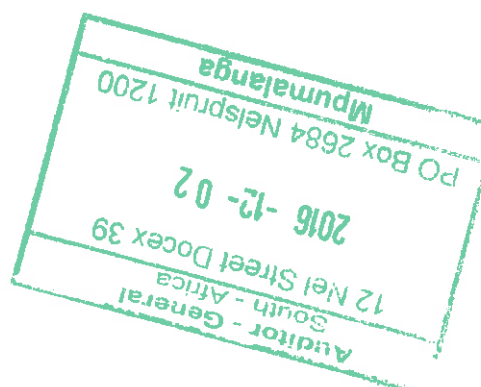
# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Cashflow Statement as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Cash flows from operating activities</b>			
<b>RECEIPTS</b>			
Sale of Goods and Services		241,043,197	246,123,210
Grants		170,360,000	151,705,755
Interest Income		784,621	683,683
Other Receipts		43,651,807	49,437,276
		<u>455,839,625</u>	<u>447,949,924</u>
<b>PAYMENTS</b>			
Employee costs		(150,777,559)	(121,423,028)
Suppliers		(183,932,139)	(236,774,906)
Finance Costs		(45,088,567)	(35,901,194)
		<u>(379,798,265)</u>	<u>(394,099,128)</u>
<b>Net cash flows from operating activities</b>	<b>34</b>	<b><u>76,041,360</u></b>	<b><u>53,850,797</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(79,754,339)	(49,739,190)
Proceeds from sale of property, plant and equipment	4	149,850	-
Purchases of heritage assets	6	(197,000)	-
<b>Net cash flows from investing activities</b>		<b><u>(79,801,489)</u></b>	<b><u>(49,739,190)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,760,129)</b>	<b>4,111,607</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>8,996,986</b>	<b>4,885,380</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>12</b>	<b><u>5,236,857</u></b>	<b><u>8,996,987</u></b>



\* See Note 38



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	220,406,508	(3,947,547)	216,458,961	183,068,202	(33,390,759)	Note: 42.1
Rental of facilities and equipment	2,639,733	565,511	3,205,244	2,804,639	(400,605)	Note: 42.2
Agency services	14,353,381	16,481,804	30,835,185	19,135,953	(11,699,232)	Note: 42.3
Interest On Bank	-	-	-	15,477,095	15,477,095	
Other income	4,966,226	54,411,606	59,377,832	10,176,896	(49,200,936)	Note: 42.4
<b>Total revenue from exchange transactions</b>	<b>242,365,848</b>	<b>67,511,374</b>	<b>309,877,222</b>	<b>230,662,785</b>	<b>(79,214,437)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	101,311,147	(14,484,511)	86,826,636	92,514,074	5,687,438	Note: 42.5
<b>Transfer revenue</b>						
Government grants & subsidies	141,394,000	39,875,812	181,269,812	193,572,471	12,302,659	Note: 42.6
Public contributions and donations	-	-	-	9,374,000	9,374,000	
Fines, Penalties and Forfeits	1,720,229	639,441	2,359,670	3,814,655	1,454,985	Note: 42.7
<b>Total revenue from non-exchange transactions</b>	<b>244,425,376</b>	<b>26,030,742</b>	<b>270,456,118</b>	<b>299,275,200</b>	<b>28,819,082</b>	
<b>Total revenue</b>	<b>486,791,224</b>	<b>93,542,116</b>	<b>580,333,340</b>	<b>529,937,985</b>	<b>(50,395,355)</b>	
<b>Expenditure</b>						
Employee Related Costs	(111,559,795)	(23,283,318)	(134,843,113)	(140,258,324)	(5,415,211)	Note: 42.8
Remuneration of councillors	(8,166,519)	1,501,819	(6,664,700)	(9,146,771)	(2,482,071)	Note: 42.9
Depreciation and amortisation	(36,384,700)	2,564,900	(33,819,800)	(83,774,183)	(49,954,383)	Note: 42.10
Impairment loss	-	-	-	(395,754)	(395,754)	
Finance costs	(27,756,728)	(16,295,306)	(44,052,034)	(45,088,567)	(1,036,533)	Note: 42.11
Debt impairment	(2,116,000)	2,115,000	(1,000)	(95,911,769)	(95,910,769)	Note: 42.12
Repairs and maintenance	(35,180,776)	5,363,320	(29,817,456)	(31,620,825)	(1,803,369)	Note: 42.13
Bulk purchases	(173,137,722)	68,472,838	(104,664,884)	(145,403,536)	(40,738,652)	Note: 42.14
Contracted Services	(35,212,452)	(18,241,169)	(53,453,621)	(46,353,030)	7,100,591	Note: 42.15
Grants and Subsidies Paid	(5,549,230)	(1,008,055)	(6,557,285)	-	6,557,285	
General expenses	435,063,922	(21,190,029)	413,873,893	(59,048,473)	(472,922,366)	Note: 42.16
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(657,001,232)</b>	<b>(657,001,232)</b>	
<b>Operating deficit</b>	<b>486,791,224</b>	<b>93,542,116</b>	<b>580,333,340</b>	<b>(127,063,247)</b>	<b>(707,396,587)</b>	
Loss on disposal of assets and liabilities	-	-	-	(21,611,784)	(21,611,784)	
<b>Deficit before taxation</b>	<b>486,791,224</b>	<b>93,542,116</b>	<b>580,333,340</b>	<b>(148,675,031)</b>	<b>(729,008,371)</b>	



# Thaba Chweu Local Municipality

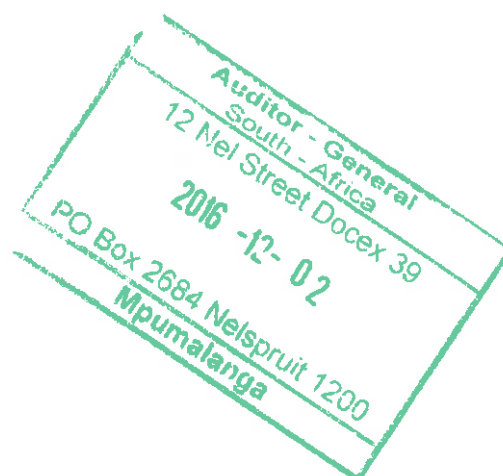
(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	486,791,224	93,542,116	580,333,340	(148,675,031)	(729,008,371)	





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	1,432,000	1,068,000	2,500,000	41,464,206	38,964,206	
Receivables from non-exchange transactions	72,889,000	29,437,000	102,326,000	15,568,383	(86,757,617)	
VAT receivable	-	-	-	8,937,869	8,937,869	
Consumer debtors	78,732,000	(2,537,000)	76,195,000	16,775,991	(59,419,009)	
Cash and cash equivalents	704,000	3,368,000	4,072,000	5,236,857	1,164,857	
	<b>153,757,000</b>	<b>31,336,000</b>	<b>185,093,000</b>	<b>87,983,306</b>	<b>(97,109,694)</b>	
<b>Non-Current Assets</b>						
Investment property	490,330,000	(59,547,000)	430,783,000	305,153,226	(125,629,774)	
Property, plant and equipment	915,612,000	1,212,789,000	1,128,401,000	2,119,176,858	(9,224,142)	
Intangible assets	45,000	(34,000)	11,000	-	(11,000)	
Heritage assets	-	165,000	165,000	360,341	195,341	
	<b>1,405,987,000</b>	<b>1,153,373,000</b>	<b>2,559,360,000</b>	<b>2,424,690,425</b>	<b>(134,669,575)</b>	
<b>Total Assets</b>	<b>1,559,744,000</b>	<b>1,184,709,000</b>	<b>1,744,453,000</b>	<b>1,512,673,731</b>	<b>(231,779,269)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	205,319,000	151,000	205,470,000	457,462,093	251,992,093	
Consumer deposits	4,393,000	241,000	4,634,000	4,365,341	(268,659)	
Employee benefit obligation	-	-	-	28,472,220	28,472,220	
Provisions	16,190,000	469,000	16,659,000	-	(16,659,000)	
	<b>225,902,000</b>	<b>861,000</b>	<b>226,763,000</b>	<b>490,299,654</b>	<b>263,536,654</b>	
<b>Non-Current Liabilities</b>						
Long Term Borrowings	195,000,000	(195,000,000)	-	-	-	
Provisions	25,856,000	4,073,000	29,929,000	4,009,701	(25,919,299)	
	<b>220,856,000</b>	<b>(190,927,000)</b>	<b>29,929,000</b>	<b>4,009,701</b>	<b>(25,919,299)</b>	
<b>Total Liabilities</b>	<b>446,758,000</b>	<b>(190,066,000)</b>	<b>256,692,000</b>	<b>494,309,355</b>	<b>237,617,355</b>	
<b>Net Assets</b>	<b>1,112,986,000</b>	<b>1,374,775,000</b>	<b>2,487,761,000</b>	<b>2,018,364,376</b>	<b>(469,396,624)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	1,112,985,000	1,374,775,000	2,487,760,000	2,018,363,574	(469,396,426)	
<b>Total Net Assets</b>	<b>1,112,985,000</b>	<b>1,374,775,000</b>	<b>2,487,760,000</b>	<b>2,018,363,574</b>	<b>(469,396,426)</b>	



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Ratepayers and other	263,533,000	(62,270,000)	201,263,000	313,281,235	112,018,235	
Grants	140,680,000	(1,000,000)	139,680,000	151,705,755	12,025,755	
	404,213,000	(63,270,000)	340,943,000	464,986,990	124,043,990	

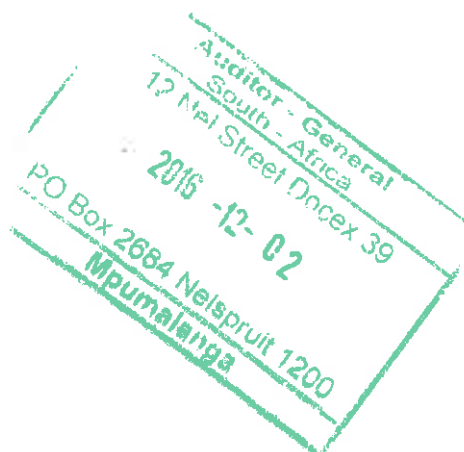
##### Payments

Supplier and employee costs	(381,003,000)	26,580,000	(354,423,000)	(396,130,766)	(41,707,766)	
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Net cash flows from operating activities	23,210,000	(36,690,000)	(13,480,000)	68,856,224	82,336,224	
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Net increase/(decrease) in cash and cash equivalents	23,210,000	(36,690,000)	(13,480,000)	68,856,224	82,336,224	
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Cash and cash equivalents at the end of the year	23,210,000	(36,690,000)	(13,480,000)	68,856,224	82,336,224	
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# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### 1. Basis of accounting

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality

#### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

##### Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

##### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

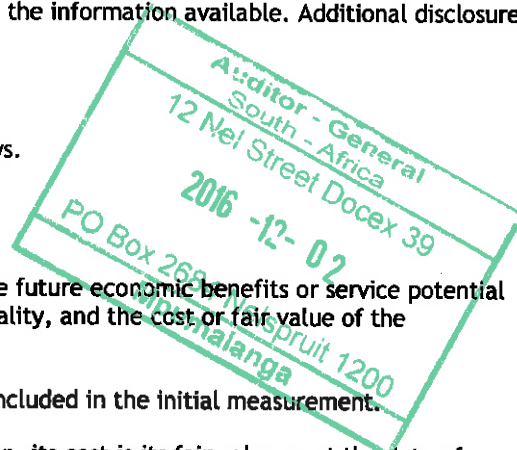
#### 1.3 Investment property

##### Initial recognition

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.



# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

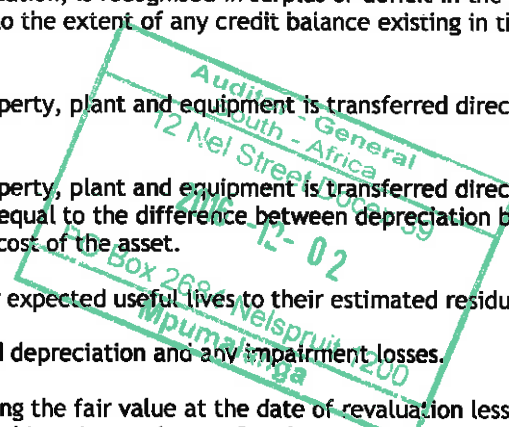
The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.





# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cashflow statement.

### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.



# Thaba Chweu Local Municipality

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## Accounting Policies

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An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Website development costs	5 years
Computer software	3 years

### 1.6 Financial instruments

Financial instruments are initially recognised at fair value.

#### Initial recognition and measurement

#### Subsequent Measurement

Credit Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the of an approved GRAP104 Standard on Financial Instruments

#### Investment

Derecognition Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

A derivative is a financial instrument or other contract with all three of the following characteristics:



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## Accounting Policies

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest in another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

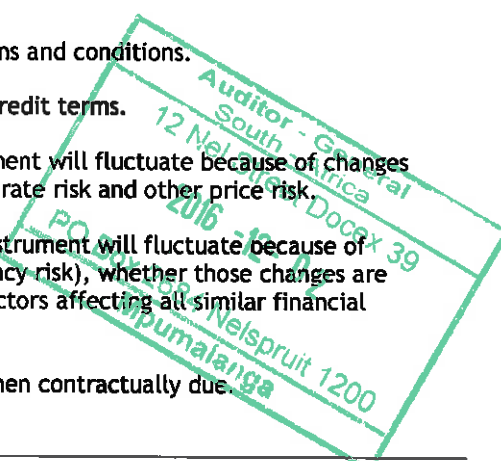
Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.





## Annual Financial Statements for the year ended June 30, 2016

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# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

### Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

### 1.7 Leases

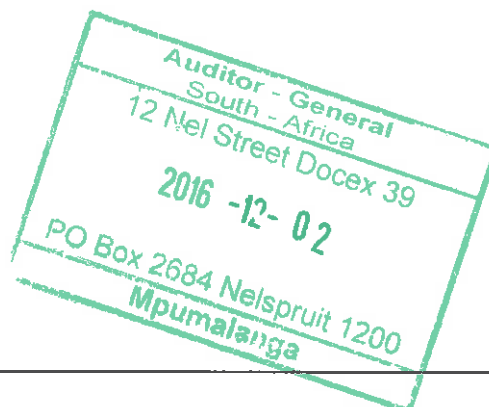
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.





# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue from exchange transactions in statement of financial performance.

### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

## 1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

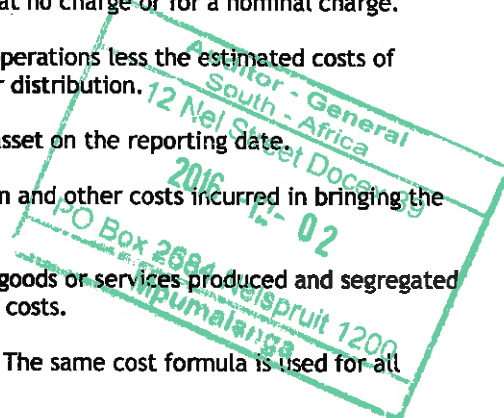
Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.





# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.9 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

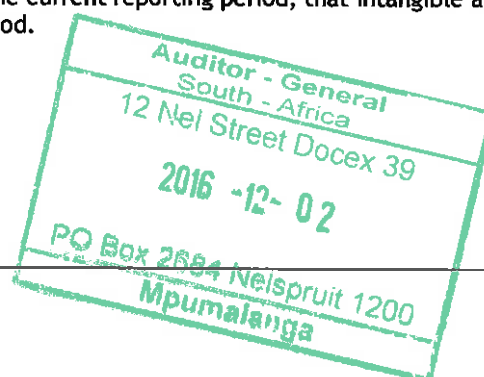
Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow: [Specify criteria]

### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.





# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

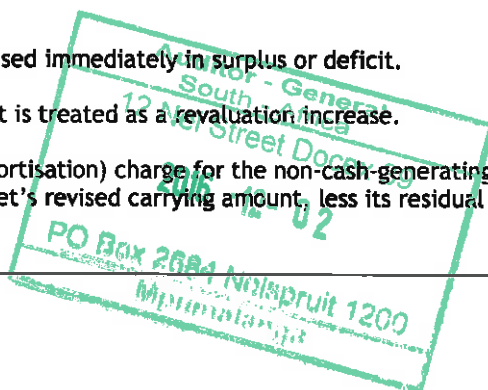
The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.





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### 1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

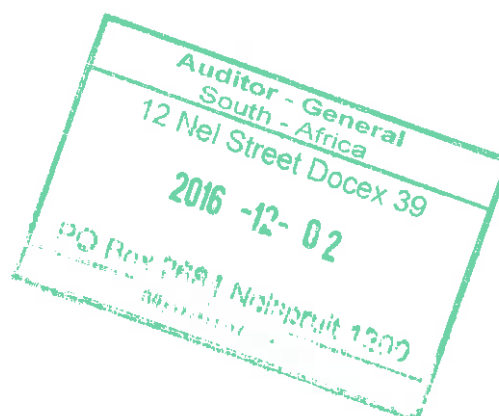
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.





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### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

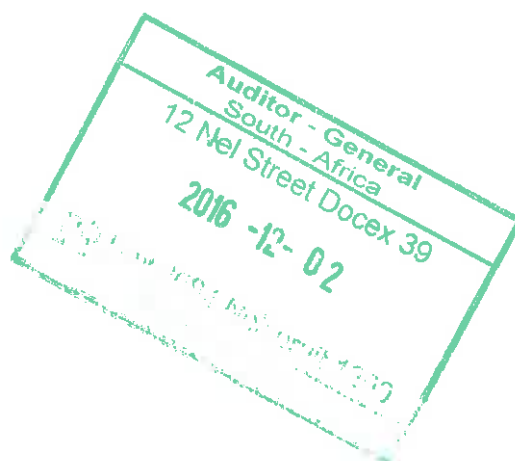
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.





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### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

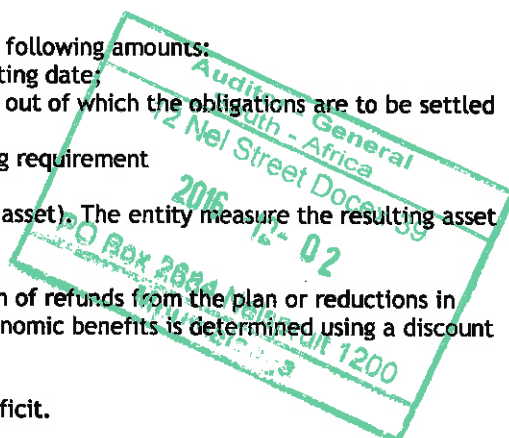
The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.





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The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

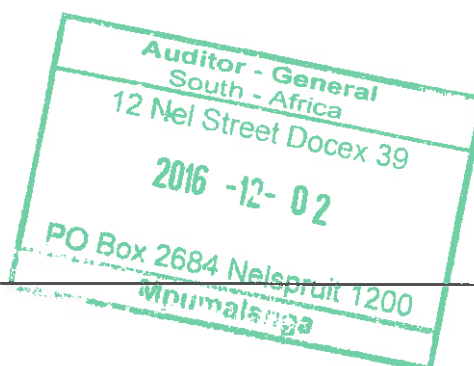
The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.





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### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

### 1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

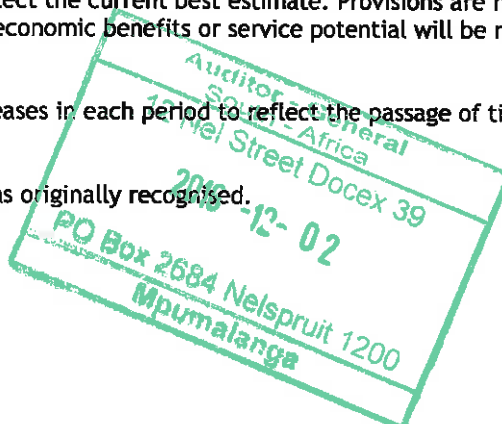
Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.





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If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Subsequent changes in the measurement of provisions relating to rehabilitation of landfill sites as a result of change in estimated cash flows required to settle the obligation will result in increased carrying amounts of the landfill sites to which the provision relates. The adjusted depreciable amount of the landfill sites will be depreciated over the remaining useful life of the landfill site. Once the landfill site has reached the end of its useful life, all subsequent changes in the value of the liability will be recognised in the statement of financial performance.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement.

Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.12 Revenue from exchange transactions

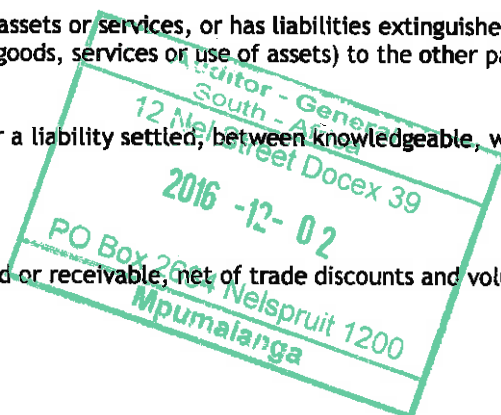
Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.





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### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.



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Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.



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### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

### Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

### Fines

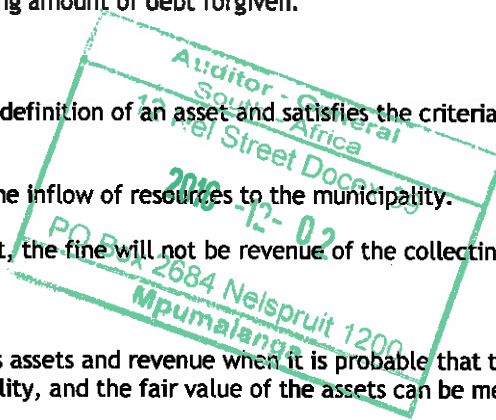
Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

### Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.





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### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

### Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cashflow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

### 1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.15 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.8 and 1.9. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.



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Capitalisation is suspended during extended periods in which active development is suspended.

Extended periods is periods that exceeds 12 months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.20 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Accounting Policies

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### 1.21 Accumulated Surplus/Deficit

The accumulated surplus/deficit represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made if the error occurred before the earliest prior period presented.

### 1.22 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.23 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015-07-01 to 2016-06-30.

The annual financial statements and the budget are not on the same basis of accounting. The actual financial statement information is therefor presented on a comparable basis to the budget information. The comparison and the reconciliation between the Statement of Financial Performance and the budget for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

### 1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.25 Value Added Tax

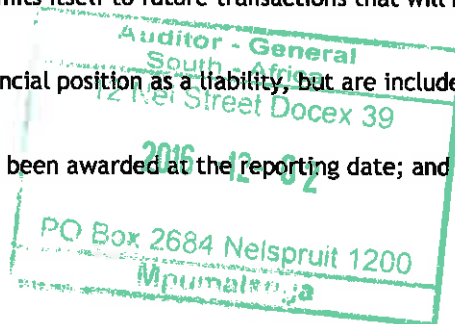
The municipality accounts for VAT on the payee's basis.

### 1.26 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations

### 3. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	305,153,226	-	305,153,226	336,656,624	-	336,656,624

#### Reconciliation of investment property - 2016

	Opening balance	Transfers Out	Total
Investment property	336,656,624	(31,503,398)	305,153,226

#### Reconciliation of investment property - 2015

	Opening balance	Transfers Out	Total
Investment property	337,372,708	(716,084)	336,656,624

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.



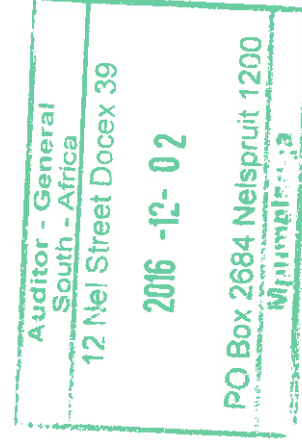


## Notes to the Annual Financial Statements

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### 4. Property, plant and equipment

	2016		2015	
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation
Land	9,159,042	-	9,159,042	9,159,042
Buildings	247,553,024	(64,410,235)	183,142,789	247,553,024
Plant and machinery	1,319,899	(439,614)	880,285	989,297
Furniture and fixtures	5,283,863	(3,184,643)	2,099,220	5,215,043
Motor vehicles	11,054,954	(5,209,299)	5,845,655	11,405,929
Office equipment	1,556,555	(832,186)	724,369	1,497,065
IT equipment	2,896,219	(1,246,492)	1,649,727	2,292,824
Infrastructure	2,149,590,727	(620,355,647)	1,529,235,080	2,077,946,845
Community	418,800,817	(52,938,751)	365,862,066	420,649,436
Assets Under Construction	20,578,625	-	20,578,625	12,929,547
<b>Total</b>	<b>1,867,793,725</b>	<b>(748,616,867)</b>	<b>1,119,176,858</b>	<b>1,789,638,052</b>
				<b>(665,591,961)</b>
				<b>1,124,046,091</b>





# Thaba Chweu Local Municipality

(Registration number MP321)  
Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

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### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	9,159,042	-	-	-	-	-	9,159,042
Buildings	190,423,786	-	-	-	-	-	183,142,789
Plant and machinery	647,823	330,602	-	-	(7,280,997)	(9,640)	880,285
Furniture and fixtures	2,328,506	68,820	-	-	(292,137)	(5,969)	2,099,220
Motor vehicles	6,105,704	597,165	(80,584)	-	(477,469)	(299,161)	5,845,655
Office equipment	753,687	59,490	-	-	(71,047)	(17,761)	724,369
IT equipment	1,260,681	603,395	-	-	(153,129)	(61,220)	1,649,727
Infrastructure	1,528,153,067	-	(615,162)	70,445,789	(68,748,614)	-	1,529,235,080
Community	372,512,550	-	-	-	(6,650,484)	-	365,862,066
Assets Under Construction	12,929,547	78,094,867	-	(70,445,789)	-	-	20,578,625
	<b>1,124,274,393</b>	<b>79,754,339</b>	<b>(695,746)</b>	<b>-</b>	<b>(83,762,377)</b>	<b>(393,751)</b>	<b>1,119,176,858</b>

### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	9,159,042	-	-	-	-	-	9,159,042
Buildings	198,017,141	-	-	-	-	-	190,423,786
Plant and machinery	597,435	112,006	-	-	(7,593,355)	(2,662)	647,823
Furniture and fixtures	2,237,387	362,098	-	-	(58,956)	(21,589)	2,328,506
Motor vehicles	4,716,260	2,462,739	-	-	(249,390)	(620,274)	6,105,704
Office equipment	797,067	35,095	-	-	(453,021)	(6,132)	753,687
IT equipment	1,116,165	267,535	-	-	(72,343)	-	1,260,681
Infrastructure	1,567,172,642	-	(42,844,855)	74,339,154	(123,019)	-	1,528,153,067
Community	376,458,219	-	-	3,070,396	(70,513,874)	-	372,512,550
Assets Under Construction	43,839,380	46,499,717	-	(77,409,550)	(7,016,065)	-	12,929,547
	<b>1,204,110,738</b>	<b>49,739,190</b>	<b>(42,844,855)</b>	<b>-</b>	<b>(86,080,023)</b>	<b>(650,657)</b>	<b>1,124,274,393</b>



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

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### Pledged as security

No Property, Plant and Equipment were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 5. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer Software	304,430	(304,430)	-	304,430	(293,379)	11,051

#### Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Total
Computer Software	11,051	(11,051)	-

#### Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer Software	123,078	(112,027)	11,051

### Pledged as security

No intangible assets pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 6. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	360,341	-	360,341	165,344	-	165,344

#### Reconciliation of heritage assets 2016

	Opening balance	Additions	Impairment losses recognised	Total
Art Collections, antiquities and exhibits	165,344	197,000	(2,003)	360,341

#### Reconciliation of heritage assets 2015



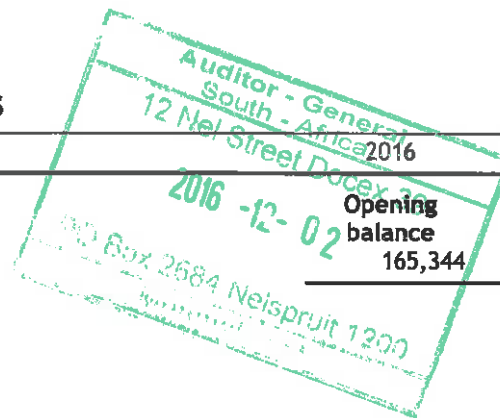
# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand



	2015	
		<b>Total</b>
Art Collections, antiquities and exhibits		165,344

### Pledged as security

Carrying value of heritage assets pledged as security:

[Insert terms and conditions here where terms and conditions are the same]

### 7. Employee benefit obligations

#### Defined benefit plan

The amounts recognised in the statement of financial position are as follows:

#### Post-retirement medical aid benefit liability (carrying value)

Balance at the beginning of the year	29,929,309	25,855,745
Current service cost	1,108,064	959,226
Interest cost	2,722,970	2,272,321
Benefits paid	(1,339,264)	(1,103,012)
Actuarial losses / (gains)	(3,948,859)	1,945,029
	<b>28,472,220</b>	<b>29,929,309</b>

The municipality provides post employment medical aid benefits upon retirement to some retirees and their legitimate spouses.

The entitlement to post-employment medical aid benefits is based on the employees remaining in service up to retirement age and the completion of a minimum service period. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefit are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2016. The present value of the defined obligation, the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality makes monthly contributions for health care to the following medical aid schemes:

- LA Health
- Key Health
- Bonita's
- Hosed
- Fed Health
- Samwumed

:

#### Net expense recognised in the statement of financial performance

Current service cost	1,108,064	959,226
Interest cost	2,722,970	2,272,321
Actuarial (gains) losses	(3,948,859)	1,945,029
Settlement	(1,339,264)	(1,103,012)
	<b>(1,457,089)</b>	<b>4,073,564</b>



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

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### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.85 %	9.24 %
Consumer Price Inflation	7.50 %	6.86 %
Health care cost inflation	9.00 %	8.36 %
Net discount rate	0.78 %	0.81 %

The municipality expects to make a contribution of R2,730,305 to the defined benefit plans during the next financial year.

### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	4,674,925	3,267,831
Effect on defined benefit obligation	33,207,362	24,660,757

Amounts for the current and previous three years are as follows:

	2016 R	2015 R	2014 R	2013 R
Defined benefit obligation	28,472,220	29,929,309	25,855,745	21,333,959





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

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### Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is a Multi-Employer Funds and are a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan. The municipality accounted for this (these) plan(s) as a defined contribution plan:

### Long Service Award

The municipality has an obligation to provide long-service allowance benefits to all its permanent employees. According to the rules of the Long-service allowance scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 40 and 45 years of continued service. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2016. The present value of the long service obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The municipality expects to make a contribution of R 1 223 000 (2015: R 1 461 000) to the defined benefit plans during the next financial year.

### Long service award liability

Balance at the beginning of the year	7,302,000	5,841,000
Current service costs	619,000	514,000
Interest cost	589,000	469,000
Benefits paid	(579,000)	(672,000)
Actuarial losses / (gains)	(542,000)	1,150,000
	<u>7,387,000</u>	<u>7 302 000</u>

The amounts recognised in the Statement of Financial Performance are as

Current service costs	619,000	514,000
Interest cost	589,000	469,000
Benefits paid	(579,000)	(672,000)
Actuarial losses / (gains)	(542,000)	1,150,000
	<u>85,000</u>	<u>1461,000</u>

The principal assumptions used for the purposes of the actuarial valuations were as follows

Discount rate	8.83 %	8.40 %
Consumer price inflation	6.53 %	6.09 %
Normal salary increase rate	7.53 %	7.09 %
Net effective discount rate	1.21 %	1.22 %

### Other assumptions

Assumed salary cost trend rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed salary cost trend rates would have the following effects:



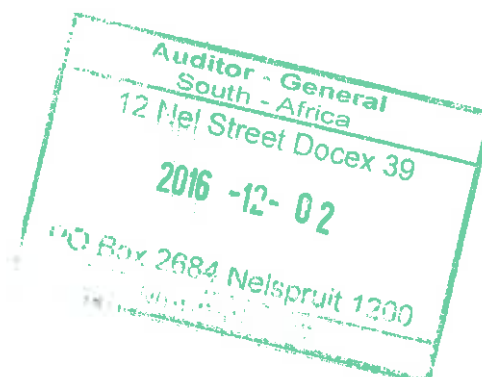
# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>One percentage</b>	<b>Increase</b>	<b>Decrease</b>
Effect on the accrued liability	6,890,000	7,938,000
Effect on employers cost	1,136,000	1,320,000
<b>8. Inventories</b>		
Consumable stores	1,724,747	2,489,359
Water	89,237	87,739
Properties Available for Transfer	39,650,222	29,259,495
	<b>41,464,206</b>	<b>31,836,593</b>
<b>9. Receivables from non-exchange transactions</b>		
Fines	2,381,885	3,403,296
Provisions for Fines	(2,215,645)	(3,274,446)
Rates	15,402,143	42,809,039
	<b>15,568,383</b>	<b>42,937,889</b>
<b>Receivables from non-exchange transactions pledged as security</b>		
No receivables from non-exchange transactions were pledged as security.		
<b>Credit quality of receivables from non-exchange transactions</b>		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information.		
None of the financial assets that are fully performing have been renegotiated in the last year.		
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	42,085,855	-
Allowance for impairment	32,229,178	42,085,855
	<b>74,315,033</b>	<b>42,085,855</b>
<b>10. VAT receivable</b>		
VAT	8,937,869	8,707,690
<b>11. Receivables from exchange transactions</b>		
<b>Gross balances</b>		
Electricity	41,233,120	39,406,443
Water	44,102,187	34,587,319
Sewerage	16,971,621	12,798,233
Refuse	15,604,949	12,556,494
Other	7,115,556	6,019,982
	<b>125,027,433</b>	<b>105,368,471</b>





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

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### Less: Allowance for impairment

Electricity	(31,647,689)	(16,117,943)
Water	(40,201,384)	(23,569,292)
Sewerage	(15,584,617)	(8,683,267)
Refuse	(14,179,089)	(8,408,495)
Other (specify)	(6,638,663)	(5,405,993)
	<b>(108,251,442)</b>	<b>(62,184,990)</b>

### Net balance

Electricity	9,585,431	23,288,500
Water	3,900,803	11,018,027
Sewerage	1,387,004	4,114,966
Refuse	1,425,860	4,147,999
Sundries	476,893	613,989
	<b>16,775,991</b>	<b>43,183,481</b>

### Rates

Current (0 -30 days)	6,114,413	5,258,814
31 - 60 days	3,935,044	7,236,576
61 - 90 days	2,920,277	3,987,879
91 - 120 days	2,768,125	3,842,656
121 - 150 days	2,761,822	3,801,323
151 - 180 days	80,049,931	58,322,960
	<b>98,549,612</b>	<b>82,450,208</b>

### Water

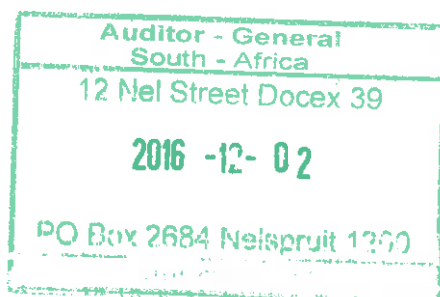
Current (0 -30 days)	3,922,833	2,476,877
31 - 60 days	1,757,548	1,208,220
61 - 90 days	1,281,366	902,139
91 - 120 days	1,240,721	936,478
121 - 150 days	1,215,713	917,639
151 - 180 days	34,684,005	28,145,965
	<b>44,102,186</b>	<b>34,587,318</b>

### Electricity

Current (0 -30 days)	8,522,711	7,209,024
31 - 60 days	2,941,464	2,774,279
61 - 90 days	1,411,699	2,341,737
91 - 120 days	1,072,276	2,479,196
121 - 150 days	981,109	1,503,357
151 - 180 days	26,303,861	23,098,556
	<b>41,233,120</b>	<b>39,406,149</b>

### Sewerage

Current (0 -30 days)	1,055,935	1,031,837
31 - 60 days	571,499	571,156
61 - 90 days	526,642	453,026
91 - 120 days	480,226	408,348
121 - 150 days	458,228	394,658
151 - 180 days	13,879,092	9,939,209
	<b>16,971,622</b>	<b>12,798,234</b>





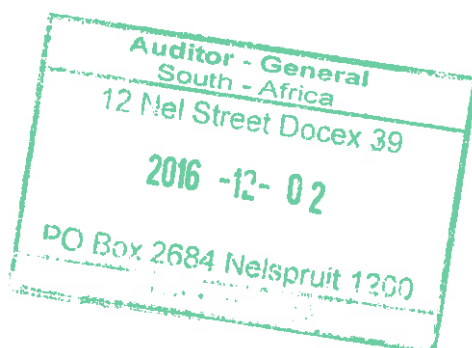
# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>Refuse</b>		
Current (0 -30 days)	1,383,084	1,147,081
31 - 60 days	633,913	546,416
61 - 90 days	592,824	434,342
91 - 120 days	546,912	400,078
121 - 150 days	524,808	380,847
151 - 180 days	11,923,409	9,647,730
	<b>15,604,950</b>	<b>12,556,494</b>
<b>Housing rental</b>		
Current (0 -30 days)	238,240	186,166
31 - 60 days	112,774	50,546
61 - 90 days	95,269	34,415
91 - 120 days	77,284	24,189
121 - 150 days	73,802	163,512
151 - 180 days	734,511	198,601
	<b>1,331,880</b>	<b>657,429</b>
<b>Sundry debtors</b>		
Current (0 -30 days)	49,260	54,562
31 - 60 days	46,679	71,033
61 - 90 days	53,749	50,002
91 - 120 days	52,868	50,268
121 - 150 days	52,587	50,044
151 - 180 days	5,525,770	5,075,916
	<b>5,780,913</b>	<b>5,351,825</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	63,463,061	70,494,407
Contributions to allowance	28,084,635	(7,031,346)
	<b>91,547,696</b>	<b>63,463,061</b>
<b>12. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	4,862,875	2,211,263
Short-term deposits	373,982	6,785,723
	<b>5,236,857</b>	<b>8,996,986</b>





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2016	June 30, 2015	June 30, 2014
Absa Lydenburg (10-1000-0218)	1,431,694	114,210	423,987	1,431,694	114,210	423,987
Absa Thaba Chweu Projects	3,575	4,676	684	3,575	4,676	683
Absa Sabie (40-5826-4705)	75,128	83,347	128,471	75,129	83,347	128,471
Standard Bank - Ringfence	53,454	50,330		53,454	50,330	
Electricity						
Standard Bank - Primary	3,220,024	1,205,084	1,240,715	3,215,299	1,203,584	1,185,977
Account (24-320-336-5)						
Standard Bank - Traffic	140,754	810,121	1,528,341	140,754	810,121	1,528,341
Standard bank Call - Post Office	57,561	54,525	52,007	57,561	54,525	52,007
Standard Bank MIG - Call	248,208	6,374,232	1,279,045	248,208	6,374,232	1,279,045
Standard Bank MWIG - Call	11,183	301,960	286,869	11,183	301,960	286,869
<b>Total</b>	<b>5,241,581</b>	<b>8,998,485</b>	<b>4,940,119</b>	<b>5,236,857</b>	<b>8,996,985</b>	<b>4,885,380</b>

### 13. Unspent conditional grants and receipts

Movement during the year

Balance at the beginning of the year	12,000,000	
Additions during the year		12,000,001
Income recognition during the year	(12,000,000)	
	-	12,000,001

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

### 14. Provisions

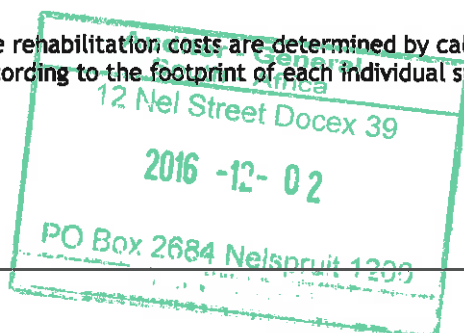
Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Environmental rehabilitation	4,448,923	(439,222)	4,009,701

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Environmental rehabilitation	687,749	3,761,174	4,448,923

The rehabilitation costs are determined by calculating the volumes of excavations, materials required and legal requirements according to the footprint of each individual site..





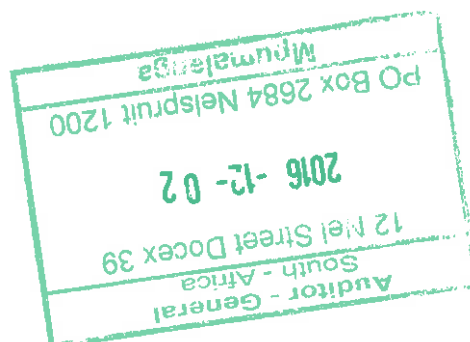
# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>15. Payables from exchange transactions</b>		
Trade payables	411,142,910	402,900,685
Payments received in advanced - Trade Receivables	10,206,773	16,664,987
Other payables	9,083,994	5,398,177
Retentions	8,167,029	4,099,183
Deferred Income	3,027,274	1,845,980
Accruals	2,284,202	2,905,570
Long service Awards	7,387,000	7,302,000
Leave Provisions	6,162,911	5,364,440
	<b>457,462,093</b>	<b>446,481,022</b>
<b>16. Consumer deposits</b>		
Electricity	4,365,341	4,634,933
<b>17. Service charges</b>		
Sale of electricity	122,324,629	107,733,443
Sale of water	35,762,868	28,862,495
Sewerage and sanitation charges	11,255,930	10,898,612
Refuse removal	13,724,775	12,161,639
	<b>183,068,202</b>	<b>159,656,189</b>
<b>18. Rental of facilities and equipment</b>		
Premises		
Premises	2,804,639	2,660,946
	<b>2,804,639</b>	<b>2,660,946</b>
<b>19. Other income</b>		
Building Plans	283,223	366,082
Bulk Services	67,684	50,808
Unclaimed deposits	7,128,143	-
Sale of stands	105,702	-
Reconnections	126,398	188,497
Sundry income	2,465,746	15,828,000
	<b>10,176,896</b>	<b>16,433,387</b>





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

2016

2015

### 20. Property rates

#### Rates received

Residential	29,009,432	25,886,731
Commercial	12,726,394	13,209,181
State	15,373,012	13,718,586
Small holdings and farms	25,003,256	39,113,600
Institutional	1,953,511	(107,449)
Industrial	2,272,733	2,423,929
Undeveloped land	12,084,229	9,308,948
Less: Income forgone	(5,908,493)	(1,524,925)
	<b>92,514,074</b>	<b>102,028,601</b>

#### Valuations

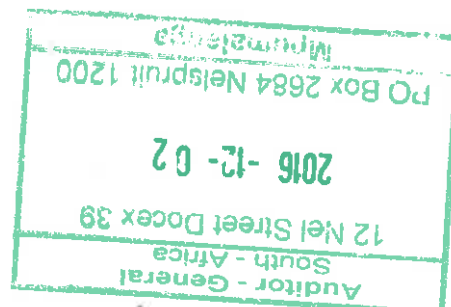
Residential	5,414,536,030	5,414,536,030
Commercial	1,077,101,600	1,077,101,600
State	2,724,502,510	2,724,502,510
Small holdings and farms	5,457,148,770	5,457,148,770
Industrial Property	184,536,800	184,536,800
Undeveloped land	352,979,850	352,979,850
	<b>1,210,805,560</b>	<b>1,210,805,560</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R - (2015: R -) is applied to property valuations to determine assessment rates. Rebates of -% (2015: -%) are granted to residential and state property owners.

Rates are levied on an annual basis with the final date for payment being (). Interest at prime plus 1% per annum (2015: -%) and a collection fee of -% (2015: -%), is levied on rates outstanding two months after due date.

The new general valuation will be implemented on 01 July 2017.





# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

2016

2015

### 21. Government grants and subsidies

#### Operating grants

Equitable share	104,868,000	90,485,000
LG Seta Grant		25,755
National EPWP grant	1,340,000	1,657,000
Financial Management Grant	1,675,000	1,600,000
Municipal Systems Grants	930,000	934,000
	<b>108,813,000</b>	<b>94,701,755</b>

#### Capital grants

Municipal Infrastructure Grants	73,547,000	45,004,000
Municipal Water Infrastructure Grant	11,212,471	2,868,001
	<b>84,759,471</b>	<b>47,872,001</b>
	<b>193,572,471</b>	<b>142,573,756</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	77,492,000	52,088,756
Unconditional grants received	104,868,000	90,485,000
	<b>182,360,000</b>	<b>142,573,756</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

#### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	12,000,001	
Current-year receipts	64,647,000	57,004,000
Conditions met - transferred to revenue	(73,547,000)	(45,004,000)
Transferred to Equitable shares	(3,100,000)	1
	<b>1</b>	<b>12,000,001</b>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure.

#### Financial Management Grant (FMG)

Current-year receipts	1,675,000	1,600,000
Conditions met - transferred to revenue	(1,675,000)	(1,600,000)

This grant is used to assist in support and implementation of financial management reforms, attendance at accredited training and capacity building programmes on financial management.

#### Municipal Systems Improvement Grant (MSIG)

Current-year receipts	930,000	934,000
Conditions met - transferred to revenue	(930,000)	(934,000)





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

### Municipal Water Improvement Grant (MWIG)

Balance unspent at beginning of year	-	2,868,001
Conditions met - transferred to revenue		(2,868,001)

The grant has been provided by department of Water Affairs to try to get water to areas where it was recognised that full services would not become available.

### 22. Public contributions and donations

Duma Power Station	9,374,000
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# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>23. Employee related costs</b>		
Basic	86,420,312	71,379,862
Bonus	6,106,380	4,947,945
Medical aid - company contributions	21,598,459	17,953,887
UIF	720,715	574,283
SDL	1,121,405	928,246
Other payroll levies	37,547	31,146
Leave pay provision charge	1,000,233	(465,398)
Overtime payments	4,987,765	4,530,909
Long-service awards	1,606,374	5,534,384
Car allowance	10,262,989	8,287,409
Housing benefits and allowances	983,770	296,179
Insurance Group Life	348,785	276,689
Cellphone and Other Allowances	5,063,590	3,797,914
	<b>140,258,324</b>	<b>118,073,455</b>

### Remuneration of municipal manager

Annual Remuneration	708,180	840,066
Basic Salary Back Pay	23,026	-
Acting Allowance	114,847	96,670
Acting Allowance Back Pay	236,372	-
Travel allowance	221,354	15,820
Travel Allowance back Pay	7,675	-
Contribution to UIF, Medical and Pension Fund	1,933	100,001
	<b>1,313,387</b>	<b>1,052,557</b>

### Remuneration of chief finance officer (commenced on 01/02/2015)

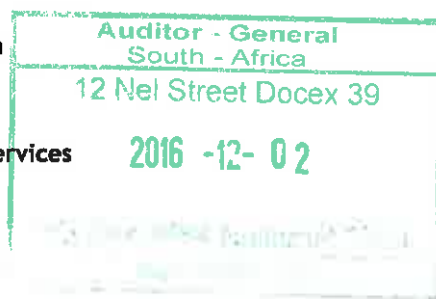
Annual Remuneration	534,745	301,042
Acting Allowance	475,647	-
Acting Allowance Back Pay	27,359	-
Travel Allowance	130,827	-
Other	-	53,125
Other	179,079	595
	<b>1,347,657</b>	<b>354,762</b>

### Remuneration of director- Corporate Services

Annual Remuneration	806,388	295,565
Basic Salary Back Pay	106,282	-
Acting Allowance	61,822	280,229
Acting Allowance Back Pay	52,527	-
Travel allowance	16,309	90,888
Cellphone Allowance	8,427	-
Contribution to UIF, Medical and Pension	107,575	165,061
	<b>1,159,330</b>	<b>831,743</b>

### Remuneration of director: Technical Services

Annual Remuneration	524,384	381,737
Basic Salary Back Pay	19,124	-
Acting Allowance	259,250	180,488
Travel allowance	173,823	112,282
Cellphone Allowance	8,427	-





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Contributions to UIF, Medical and Pension Funds	120,112	187,113
	<b>1,105,120</b>	<b>861,620</b>
Remuneration of director: Community Services (commence 01/04/2015)		
Basic Salary	665,076	159,375
Travel Allowance	221,744	56,349
Travel Allowance Back Pay	14,024	-
Performance Bonus	42,073	-
Contributions to UIF, Medical and Pension Funds	85,068	13,727
Cellphone Allowance	11,644	3,064
	<b>1,039,629</b>	<b>232,515</b>





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>24. Remuneration of councillors</b>		
Executive Mayor	802,245	
Executive Mayor - Resigned		662,878
Chief Whip	612,924	497,191
Speaker	666,057	538,074
MMC: Finance and Technical Services	603,589	497,191
MMC: Corporate services and Human Settlement	605,759	497,191
MMC: Community services and Public Services	606,791	497,191
Portfolio Chairperson: MPAC	321,351	255,207
Portfolio Chairperson: land Use committee	331,787	255,207
Ordinary Councillors	4,596,268	5,183,826
	<b>9,146,771</b>	<b>8,883,956</b>

### In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Mayor have the use of separate Council owned vehicles for official duties.

The Executive Mayor has two full-time bodyguards.

### 25. Depreciation and amortisation

Property, plant and equipment	83,763,132	86,080,027
Intangible assets	11,051	112,027
	<b>83,774,183</b>	<b>86,192,054</b>

### 26. Impairment of assets

Property, plant and equipment	395,754	650,657
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[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed:]

The main classes of assets affected by impairment losses are:

The main classes of assets affected by reversals of impairment losses are:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

The main events and circumstances that led to the reversals of these impairment losses are as follows:

### 27. Finance Costs

Interest on Bank Overdraft	886,849	342
Finance costs on overdue accounts	44,201,718	35,900,852
	<b>45,088,567</b>	<b>35,901,194</b>





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

	2016	2015
<b>28. Debt impairment</b>		
Contributions of impairment for Fines	2,215,645	3,274,446
Contributions to debt impairment provision	90,139,164	43,156,953
Bad debts written off	3,556,960	61,027,580
	<b>95,911,769</b>	<b>107,458,979</b>
<b>29. Bulk purchases</b>		
Electricity	145,403,536	131,117,704
<b>30. Contracted services</b>		
Information Technology Services	10,578,812	13,185,587
Fleet Services	159,200	4,765,585
Security Services	5,263,392	2,152,542
Specialist Services	8,824,200	8,424,487
Other Contractors	21,527,426	27,041,380
	<b>46,353,030</b>	<b>55,569,581</b>
<b>31. General expenses</b>		
Auditors remuneration	3,790,035	3,808,748
Bank charges	649,601	517,372
Cleaning	63,154	11,400
Computer Costs	1,336,491	1,086,090
Conferences and seminars	652,395	59,595
Consumables	632,531	290,115
Electricity	1,333,844	367,125
Free Basic Services	5,517,478	4,808,957
Fuel and Hire costs	3,386,551	5,724,925
Insurance	541,764	64,073
Job Creation Expenses	9,564,703	7,612,265
Legal Costs	7,715,989	8,532,496
Magazines, books and periodicals	87,119	-
Motor vehicle expenses	148,667	1,275,673
Movement other corrections	4,620,557	-
Other expenses	1,827,117	1,353,873
Other provisions	(439,222)	400,785
Placement fees	36,877	18,112
Postage and courier	539,906	531,376
Printing and stationery	4,003,500	3,775,367
Protective clothing	365,130	497,881
Public participation and ward committees	527,348	39,138
Refuse	1,538,741	808,912
Sewerage and waste disposal	22,220	-
Staff welfare	1,308,930	5,076
Subscriptions and membership fees	1,335,354	1,244,700
Telephone and fax	2,646,100	1,829,061
Training	1,289,296	1,133,202
Travel - local	1,857,788	898,463
Uniforms	30,493	144,326
Valuations Costs	719,427	534,792
Water	1,398,589	772,568
	<b>59,048,473</b>	<b>48,146,466</b>





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand	2016	2015
<b>32. Distribution losses</b>		
Electricity (losses in units)	43,237,485	36,169,991
Electricity (losses as %)	31	27
Water (Losses in units)	3,271,303	-
Water (losses as %)	34	-
	-	-
<b>33. Auditors' remuneration</b>		
Fees	3,790,035	3,808,748
<b>34. Cash generated from operations</b>		
Deficit	(148,675,031)	(187,406,375)
Adjustments for:		
Depreciation and amortisation	83,774,183	86,192,054
Gain on sale of assets and liabilities	21,611,784	42,842,882
Impairment deficit	395,754	650,657
Debt impairment	95,911,769	107,458,979
Movements in retirement benefit assets and liabilities	(1,457,089)	4,073,564
Movements in provisions	(439,222)	(11,741,033)
Other non-cash movements	41,403,355	55,189,929
Changes in working capital:		
Inventories	20,598,421	(145,084,908)
movements in Receivables	(34,705,594)	(15,561,579)
Payables from exchange transactions	10,122,802	102,597,308
VAT	(230,179)	872,388
Unspent conditional grants and receipts	(12,000,001)	9,131,998
Consumer deposits	(269,592)	4,634,933
	<b>76,041,360</b>	<b>53,850,797</b>





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

2016

2015

### 35. Commitments

#### Authorised operational expenditure

##### Already contracted for but not provided for

• Commitments from orders	3,850,262	4,485,315
• Contractual Operating Commitments	44,973,327	33,549,288
	<b>48,823,589</b>	<b>38,034,603</b>

##### Total operational commitments

Already contracted for but not provided for	48,823,589	38,034,603
---	------------	------------

#### Total commitments

##### Total commitments

Authorised capital expenditure	-	12,000,000
Authorised operational expenditure	48,823,589	38,034,603
	<b>48,823,589</b>	<b>50,034,603</b>

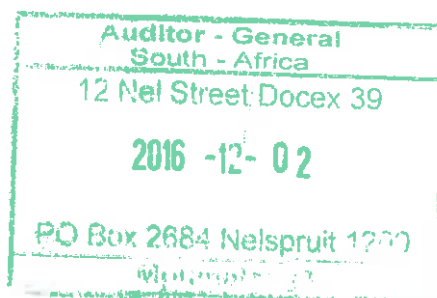
This committed expenditure relates to contracted services and orders issued and will be financed by available bank facilities, retained surpluses, existing cash resources.

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	1,788,720	1,847,132
- in second to fifth year inclusive	447,180	3,900,000
	<b>2,235,900</b>	<b>5,747,132</b>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

2016

2015

### 36. Contingencies

The municipality is involved in several litigation matters. The municipality's attorneys and management have estimated that these matters could result in an estimated liability of R8,449,033.71. The likelihood of these actions being successful are subject to a number of external variables and at this point is deemed to be unlikely.

1. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R64,000.

2. A case has been brought against the municipality regarding the termination of employment contract of Lesinana Christian Ralebipi. The estimated settlement amount is set at R446,637.5

3. A case has been brought against the municipality for breach of contract regarding non payment of invoices relating to Matabane Civil Construction. The estimated settlement amount is set at R3,543,064.00.

4. A case has been brought against the municipality for damages of five horses allegedly electrocuted as a result of the municipality's negligence in not maintaining such electrical poles on the plaintiff's farm. The estimated settlement amount is set at R750,000.

5. A case has been brought against the municipality for loss of support and damages to the plaintiff's deceased wife that passed at Big Swing (Graskop). The estimated settlement amount is set at R825,000.

6. A case has been brought against the municipality by the applicant for the motor bike accident. The estimated settlement amount is set at R2,000,000.

7. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R8,549.84.

8. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R11,344.32.

9. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R14,134.25.

10. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R36,303.8.

### 37. Related parties

#### Relationships

Controlled entities

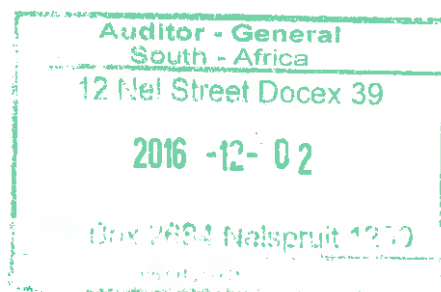
THALEDA

#### Related party balances

THALEDA

(1,879,519)

(1,879,519)





# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand



### 38. Prior period errors

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

	Restatement
Property, plant and equipment	(4,355,513)
VAT Receivables	(282,429)
Inventories	29,335,690
Receivables from Exchange Transaction	(33,011,594)
Receivables from Non Exchange Transaction	(48,898,263)
Investment Property	(94,127,349)
Provisions	12,210,644
Payables from Exchange Transaction	(18,092,542)
Opening Accumulated Surplus or Deficit	2,488,356,093
Revaluation reserve	(2,329,856,667)

#### Statement of Financial Performance

Traffic fines	(1,130,047)
Interest Earned	(10,836,326)
Other Revenue	12,845,570
Employee Related Costs	455,797
Depreciation and Amortisation	62,483
Repairs and Maintenance	(483,237)
Bulk Purchases	96,428
Contracted Services	1,567,305
Debt impairment	86,262,912
General Expenses	(2,367,382)

### 39. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Budgeted Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. Surplus cash are held as short term deposits to assist in settling future commitments.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Financial assets exposed to credit risk at year end were as follows:

#### Market risk



# Thaba Chweu Local Municipality

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Figures in Rand

### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

### 40. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 41. Events after the reporting date

The accounting officer is not aware of any matter or event arising since the end of the reporting period, and the date of this report, which will significantly affect the financial position and results of the municipality's operations.





# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

### 42. Unauthorised expenditure

Opening Balance	43,403,811	-
Overspending of expenditure	22,748,359	43,403,811
	<b>66,152,170</b>	<b>43,403,811</b>

### 43. Fruitless and wasteful expenditure

Opening Balance	48,327,655	11,631,999
Add: Fruitless & Wasteful Expenditure	44,206,695	36,695,656
	<b>92,534,350</b>	<b>48,327,655</b>

### 44. Irregular expenditure

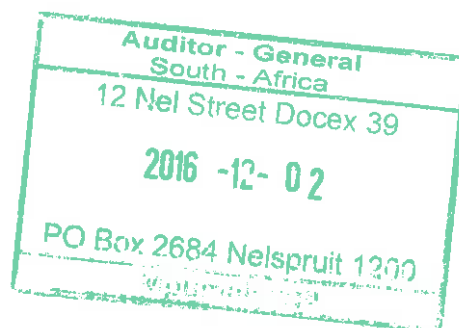
Opening balance	171,178,575	150,572,270
Add: Irregular Expenditure - current year	28,756,863	20,606,305
	<b>199,935,438</b>	<b>171,178,575</b>

### Analysis of expenditure awaiting condonation per age classification

Current year	28,756,863	20,606,305
Prior years	171,178,575	150,572,270
	<b>199,935,438</b>	<b>171,178,575</b>

### Details of irregular expenditure - current year

Non Compliance of SCM	Disciplinary steps taken/criminal proceedings Awaiting Condonment - Current year	43,004,034
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# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

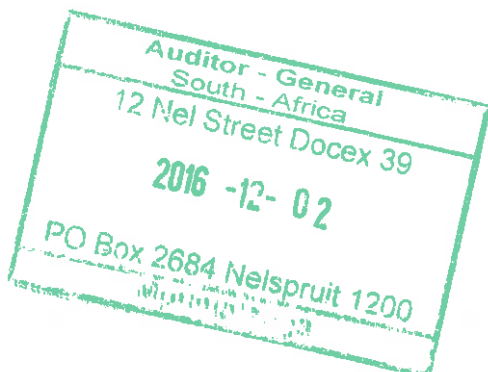
## Notes to the Annual Financial Statements

Figures in Rand

### 45. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.





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## Notes to the Annual Financial Statements

Figures in Rand

Supplier:	Amount
The municipality's property was about to be invaded which is earmarked for future developments. The event of illegal invasion was unforeseeable therefore the deviation is justified - T.M.Chauke Inc (Attorneys&Conveyors)	172 285
The municipality received the summons which emanated from a motorbike accident wherein the municipality was held liable due to the state of the road. - T.M.Chauke Inc (Attorneys&Conveyors)	116 134
The sheriff was attaching and removing municipal assets which were to be sold on a public auction. This is viewed as emanating from poor planning as Legal should have timeously defended the judgements. - Phungo incorporated	856 370
Highly specialised electrical equipment in the form of T-3 switches was burned out. 20% of the town was left in the dark without any electricity power.	12 992
Community members who are viewed as recyclers were invading the landfill site. The situation needed to be contained by obtaining the services of a security company. - Vuthela africa security services	195 510
Community members who are viewed as recyclers were invading the landfill site. The situation needed to be contained by obtaining the services of a security company. - Vuthela africa security services	84 360
A claim was then lodged with the municipal insurance company to replace the entire 630 kva mini sub. The insurance company then appointed Didintle Electrical to commence with the replacement proceedings. Didintle Electrical	104 400
The reason for this deviation was to maintain consistency and similarity with the first batch that was printed therefore Meikadi supplies cc	198 664
There was a burst pipe which also resulted in the destruction of certain water connections in Kellysville/beverly hill. Tim Trading	2 648
Union motors are the sole dealership qualified in terms of conducting repairs to Mercedes Bens. - Union Motors Lowveld	25 442
Sole Supplier for accounting system - Sebata Municipal Solutions	32 376
The municipality just needed to pay access to the insurance company for the replacement. - Unics Technologies	40 160
The municipality just needed to pay access to the insurance company for the replacement. - Tringani Holdings	197 490
People were invading the municipal property The municipality had to remove and prevent further invasions. - Vuthela Africa Security Services	111 150
Community members were invading extension 2. - Mathata security services	72 000
The municipality was informed on the 09/07/2015 by the District Municipality of the training which is to take place on the 16/07/2015. the Community Services department only sent the request for transport to SCM on the 15/07/2015.	2 300
Technical Department needed to commence with the programming of kva max demand meters for our big electricity consuming clients or large power users. - mabunga brothers electrical	35 910
Sole Supplier. Lowveld media	5 329
Two 35mm2 pilc cables were damaged by a tlb excavations on Friday 03 July 2015 in sabie town, the whole town had no electricity supply. - Ermsa Electrical Holdings	80 502
Sole Supplier. Lowveld media	77 950
Sole Supplier - Thaba Chweu Newspaper	49 880
The sheriff of the court forcefully entered the municipal premises to execute an attachment order by the courts. Serrso Trading and Projects	56 863
There was an armed robbery at the Graskop Workshop where the perpetrators forcefully entered and damaged the municipal gate. - charlmashe strategic investments	110 200
Sole Supplier. Lowveld media	77 950
A key service delivery vehicle broke down unexpectedly. - Ank Mining Supplies (Pty)Ltd	32 979
A key service delivery vehicle broke down unexpectedly. - Ank Mining Supplies (Pty)Ltd	24 188
Residents were left without any Electricity. - Phalafala yalla Trading	59 492
Sole Supplier - Van der nest furnitures	25 132
This is a specialized machine and could only be obtained from - EB's Electrical.	65 336
The community of simile were left without electricity. Mandlakazi electrical tech	30 791





# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

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Sole Supplier - Westvaal Nelspruit	11 000
There was no water at Sabie, Simile and Harmony Hill due to a faulty damaged panel at the Simile Pum Station. EB's Elektriese	40 945
The Executive Mayor's Vehicle broke down unexpectedly and was urgently booked in for repairs. The vehicle still booked for repairs. The Executive Mayor needed a vehicle in the meantime therefore we urgently needed to rent a vehicle for official purposes. Amahayena Holdings	43 500
People were invading the municipal property (Chinese housing project). Vuthela Africa Security Services	111 150
There was an unexpected fire at the Graskop Landfill Site which proved to be hazardous to the community. - Mahlo ke Diala Services CC	180 576
There was a faulty transformer which hampered continuous power supply to members of the community. Lateral Union Insurance Brokers	62 257
A new minibus had to be urgently sourced in order to restore the water supply to the residents. Lateral Union Insurance Brokers	325 875
The floodings of the extension 6 substation as a result of the breakdown, thus necessitating the urgent to hire a sludge pump. LED Electrical & Pumps	60 980
The transformer, poles and conductor were stolen as well as part of the Apollo lights. Mavutha Contactors Enterprise cc	438 740
Sole Supplier - GPS new and Printing	4 970
Providing a legal opinion on the extension of the Municipal Manager Acting appointment in terms of the system Act and to advice on its legality. Mokgwatsane Attorneys	39 215
Fine for municipality failing to attend hearing. SALGBC	12 500
There was an urgent application for High court matter on a case. Macbeth Attorneys	68 936
There was an urgent application for High court matter on a case. Macbeth Attorneys	288 544
Municipality is being sued by the applicant (Samuels) for loss of life and damages suffered as a result of an accident at Graskop Big Swing. Matsane Attorneys	39 600
There was a huge backlog on legal matters which had led to many warrants of executions as the matters were not defended. - Phungo Incorporated	693 433
Payment of an urgent ex parte application in court for purpose of stopping one of the business operation in Mashishing. - F.M Maluleka INC	66 887
The Executive Mayor's Vehicle broke down unexpectedly and was urgently booked in for repairs. - Amahayena Holdings (PTY) LTD	107 700
Sole Supplier - Abeco Tanks PTY LTD	77 520
Training for councillors - SAIL	525 000
Training for councillors - Khosithi Clearing and Consultant	29 980
Sole Supplier - Lowveld media	25 471
Sole Supplier - Lowveld media	30 393
Sole Supplier - Thaba Chweu News	7 435
Sole Supplier - Thaba Chweu News	9 500
Sole Supplier - Lowveld media	31 577
Sole Supplier - Mash FM	18 000
Sole Supplier - Global Prospectus Training	7 490
There was a breakdown at the sewer substation which resulted in spillage in the near by river. - EB's Elektriese Kontrakteurs	55 290
There was a failure at a 50 Kva, 11kv 3 phase transformer which failed at mosterhoek due to lightning strikes. Mandlakazi Electrical	47 652
Due to a burst pipe the community was left with no water for days while the repairs were being undertaken. Mahlo ke Diala Services CC	199 386
There was a warrant of execution by way of costs of convenience. pieter Nel	12 475
There was a warrant of execution by way of costs of convenience. Potgieter	1 535
The reason for deviating is that there was no ring around the main feed. No sense of urgency has been depicted by the Technical Department. - M&V Electrical Construction	87 749
There was a warrant of execution by way of costs of convenience. - Lot Machete Sheriff for Graskop	76 027
There was an unexpected malfunction of the Council Chamber Microphone system while there was to be a council seating within a few days time. Pimulekwa Office Automation (Pty) Ltd	291 720
Sole Supplier - Mash FM	55 200





# Thaba Chweu Local Municipality

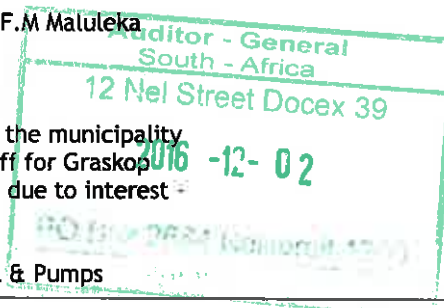
(Registration number MP321)

Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

Sole Supplier - Mash FM	54 000
Transformer failure - Mandlakazi Electrical Technologies	26 585
Sole Supplier - Longtom Nissan	4 291
There was a huge backlog on legal matters which had led to many warrants of executions as the matters were not defended. - Phungo Incorporated	1 208 920
Traffic Light was not working due to lightning strike damage control panel and this intersection of main street Voortrekker & Hoerskool. - Vhahashu Power Engineering CC	96 102
The connectors are a safety hazard to the residents and promote illegal connections of electricity which causes high technical losses. - Nokwazi Electrical CC	90 014
Sole Supplier - Union Motors Lowveld	32 415
To make an eviction application in high court for chinese housing project in Graskop, after an illegal occupation by the community. - T.M Chauke INC (Attorneys & Conveyors)	446 560
The load on the 4.5 MVA transformer was too much due to tempering and bridging which caused a disturbance in the continuous supply of electricity. - Phalafala Yalla Trading and Projects	120 749
To defend an action in which the municipality is being sued by South Africa Local Authorities Pension Fund. Matsane Attorneys INC	62 331
Applicant obtained a spoliation court order that prohibits the municipality from switching or disconnecting the electricity from its business premises. - Matsane Attorneys INC	63 803
There was a warrant of execution against the municipality. - Balju Landroshof	54 832
Specialised mounted crane truck - Phehlane Projects cc t/a Paledi Electric	57 000
Specialised sealed machine for Cable faults location. - Southern Africa Fault Location	1 437
There was a warrant of execution against the municipality. - Potgieter D Attorneys	5 511
Specialised Truck - Barko Developments (Pty) Ltd	6 156
Sole Supplier - Sebata Municipal Solutions	59 280
Disturbance of power supply - Phalafala Yalla Trading and Projects	97 511
An auxiliary transformer burnt out at the industrial sub station which led to no power supply to some parts of Lydenburg. - Phalafala Yalla Trading and Projects	80 476
Urgent application for High court matter on a case. - Macbeth Attorneys	116 197
H.T Cable that needed to be repaired at water worker's street 4 point of joint. - M&V Electrical Construction	41 432
Sole Supplier - Pitney Bowes	12 825
Specialised Truck - Barko Developments (Pty) Ltd	10 260
Access amount for the insurance claim. - Quickstep157:t/a PG Glass Lydenburg	2 573
Sole Supplier - Lowveld Media	2 631
Sole Supplier - Thaba Chweu News	5 200
The breakdown of the printing machine at records was unexpected. - Nomcebo Consulting Enterprise	8 142
Sole Supplier - Lowveld Media	14 603
Sole Supplier - Sebata Municipal Solutions	59 280
Warrant of execution - Lot Machete Sheriff for Graskop	65 066
BY Laws - Government printing	500
Sole Supplier - Lowveld Media	7 893
Community without electricity for 12 hours. - Lateral Union Insurance Brokers	160 000
breakdown at the Mashishing pump station. - EB's Elektriese Kontrakteurs	61 583
Sole Supplier - Conway General Sabie	4 132
Sole Supplier - Lowveld Media	2 105
Sole Supplier - IMMSA	5 000
Sole Supplier - Lowveld Media	15 787
Sole Supplier - Lowveld Media	15 787
There was an urgent application for High court matter on a case. - F.M Maluleka	150 229
Sole Supplier - Lowveld Media	1 973
Sole Supplier - Lowveld Media	3 289
Sole Supplier - Lowveld Media	1 447
Sheriff was at a stage of removing movable properties belonging to the municipality for purpose of selling same at a public auction. - Lot Machete Sheriff for Graskop	167 066
warrant of execution or legal costs, be paid to avoid cost escalation due to interest	
Lot Machete Sheriff for Graskop	19 668
Access paid for insurance claim - Dent Out CC t/a Dent Doctor	2 500
Borehole blocked leaving community without water - LED Electrical & Pumps	103 968





# Thaba Chweu Local Municipality

(Registration number MP321)

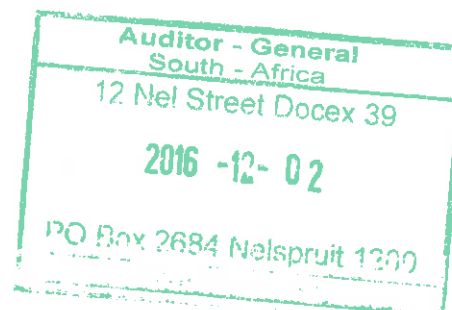
Annual Financial Statements for the year ended June 30, 2016

## Notes to the Annual Financial Statements

Figures in Rand

The Matter was urgent as it was never reported to the office of HR until that someone had passed on it was reported by the Department of Labour.

Cinamsebenzi Training and Development	125 000 -
Breakdown Graskop sewer station - EB's Elektriese Kontrakteurs	7 535 -
Sole Supplier - Lowveld Media	61 042
Sole Supplier - GPS News and Printing	5 470
Sole Supplier - Mash FM	12 800
Sole Supplier - Mash FM	20 900
Sole Supplier - Thaba Chweu News	8 200
Sole Supplier - GPS News and Printing	5 470
Sole Supplier - Thaba Chweu News	26 800
cable was damaged by the contractor that is building up the road in Mashishing -	
Phehlane Projects CC t/a Paledi Electric	192 299
Insurance claim - R & P Auto Body	2 500
Sole Supplier - Sebata Municipal Solutions	59 280
burst pipe in Lydenburg and Mashishing - N3 Rapid Response	6 000
Mayor's car breakdown, a car hired for official business - Amahayena Holdings (Pty) Ltd	23 100 -
Mayor's car breakdown, a car hired for official business - Amahayena Holdings (Pty) Ltd	16 500 -
Sole Supplier - Lowveld Media	7 400
Sole Supplier - Thaba Chweu News	8 200
Sole Supplier - Thaba Chweu News	24 600
Sole Supplier - Lowveld Media	2 631
Sole Supplier - Lowveld Media	9 735
Government Printing Works - By laws	5 000
Mayor's car breakdown, a car hired for official business - Amahayena Holdings (Pty) Ltd	46 200
Sole Supplier - Lowveld Media	45 781





**Thaba Chweu Local Municipality**  
**Thaba Chweu Local Municipality**  
**Appendix B**  
June 2016

**Analysis of property, plant and equipment as at 30 June 2016**  
**Cost/Revaluation**  
**Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	9,159,042	-	-	-	-	-	9,159,042	-	-	-	-	-	-	9,159,042
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	247,322,107	-	-	-	-	-	247,322,107	(57,053,704)	-	-	(7,272,795)	-	(64,326,499)	182,995,608
	<b>247,322,107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,322,107</b>	<b>(57,053,704)</b>	<b>-</b>	<b>-</b>	<b>(7,272,795)</b>	<b>-</b>	<b>(64,326,499)</b>	<b>182,995,608</b>
	<b>247,322,107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,322,107</b>	<b>(57,053,704)</b>	<b>-</b>	<b>-</b>	<b>(7,272,795)</b>	<b>-</b>	<b>(64,326,499)</b>	<b>182,995,608</b>
<b>Infrastructure</b>														
Fencing	230,917	-	-	-	-	-	230,917	(75,535)	-	-	(8,203)	-	(83,738)	147,179
Low voltage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medium voltage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrical services connections	386,214,291	-	-	4,038,986	-	-	390,253,277	(78,708,386)	-	-	(10,213,662)	-	(88,922,048)	301,331,229
Public lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paved roads	1,288,084,152	-	(817,628)	40,528,900	-	-	1,327,795,424	(406,654,910)	254,984	-	(47,814,795)	-	(454,114,722)	873,680,702
Unpaved roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic management	9,832,948	-	-	-	-	-	9,832,948	(3,448,018)	-	-	(395,991)	-	(3,844,009)	7,050,947
Sewerage connection	73,142,181	-	-	1,062,008	-	-	74,204,189	(14,071,412)	-	-	(1,748,706)	-	(15,820,118)	57,322,083
Sewerage distribution	27,800,607	-	-	-	-	-	27,800,607	(4,760,373)	-	-	(632,562)	-	(5,392,935)	22,407,672
Waste water treatment works	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water connections	234,955,500	-	-	23,647,345	-	-	258,602,845	(35,753,455)	-	-	(8,683,232)	-	(42,436,687)	216,166,158
Water treatment works	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water treatment works	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community assets	1,862,964	-	-	-	-	-	1,862,964	(718,417)	-	-	(97,057)	-	(816,474)	1,047,490
Source	58,131,123	-	(61,200)	1,168,550	-	-	59,238,473	(7,855,728)	8,682	-	(1,162,607)	-	(9,009,653)	50,228,820
Storm water	12,929,547	78,094,867	-	(70,445,789)	-	-	20,578,625	-	-	-	-	-	-	20,578,625
Asset under construction	<b>2,093,184,230</b>	<b>78,094,867</b>	<b>(678,828)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,170,400,269</b>	<b>(551,946,234)</b>	<b>263,666</b>	<b>-</b>	<b>(88,756,816)</b>	<b>-</b>	<b>(620,439,384)</b>	<b>1,549,960,885</b>
	<b>2,093,184,230</b>	<b>78,094,867</b>	<b>(678,828)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,170,400,269</b>	<b>(551,946,234)</b>	<b>263,666</b>	<b>-</b>	<b>(88,756,816)</b>	<b>-</b>	<b>(620,439,384)</b>	<b>1,549,960,885</b>
<b>Community Assets</b>														
Community Assets	47,552,795	-	-	-	-	-	47,552,795	(10,398,126)	-	-	(1,365,285)	-	(11,761,421)	35,801,374
Air fields	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	99,822,015	-	-	-	-	-	99,822,015	(3,478,265)	-	-	(904,521)	-	(4,382,786)	95,439,229
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	734,155	-	-	-	-	-	734,155	(212,959)	-	-	(24,266)	-	(237,225)	496,930
Landfills	4,085,306	-	-	-	-	-	4,085,306	-	-	-	-	-	-	4,085,306
Parks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational halls	32,447,381	-	-	-	-	-	32,447,381	(8,315,832)	-	-	(971,575)	-	(7,287,407)	25,159,974
Sports centres	20,613,215	-	-	-	-	-	20,613,215	(4,495,735)	-	-	(628,346)	-	(6,124,083)	15,489,132
Roads and bus terminals	6,933	-	-	-	-	-	6,933	(1,340)	-	-	(192)	-	(1,532)	5,401
Buildings and External Facilities	90,574,259	-	-	-	-	-	90,574,259	(20,041,512)	-	-	(2,597,510)	-	(22,639,022)	67,935,237
Recreational Assets	39,425	-	-	-	-	-	39,425	(6,871)	-	-	(919)	-	(7,790)	31,635
Borehole	11,930	-	-	-	-	-	11,930	(3,647)	-	-	(424)	-	(4,071)	7,859
Hostels	5,636,102	-	-	-	-	-	5,636,102	(1,345,980)	-	-	(157,433)	-	(1,503,413)	4,132,689
	<b>301,523,516</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>301,523,516</b>	<b>(46,288,267)</b>	<b>-</b>	<b>-</b>	<b>(8,650,483)</b>	<b>-</b>	<b>(52,938,750)</b>	<b>248,584,766</b>



**Thaba Chweu Local Municipality**  
**Thaba Chweu Local Municipality**  
**Appendix B**  
June 2016

**Analysis of property, plant and equipment as at 30 June 2016**  
**Accumulated depreciation**

	Operating Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
M	165,344	197,000	-	-	-	-	362,344	-	-	-	-	(2,003)	(2,003)	360,341
Other	165,344	197,000	-	-	-	-	362,344	-	-	-	-	(2,003)	(2,003)	360,341
Heritage assets														
Museums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Historical buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings and artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Office equipment	1,497,085	59,490	-	-	-	-	1,556,565	(743,380)	-	-	(71,048)	(17,761)	(832,189)	724,366
Furniture and equipment	5,215,043	68,820	-	-	-	-	5,283,863	(2,886,537)	-	-	(292,137)	(5,969)	(3,184,643)	2,099,220
Plant and equipment	989,297	330,602	-	-	-	-	1,319,899	(341,474)	-	-	(86,500)	(9,640)	(439,614)	880,285
Motor vehicle	11,405,929	597,165	(948,140)	-	-	-	11,054,954	(5,300,225)	867,556	-	(477,469)	(299,161)	(5,209,298)	5,845,655
Computer equipment	2,292,824	603,395	-	-	-	-	2,896,219	(1,032,143)	-	-	(153,929)	(61,220)	(1,247,292)	1,648,927
Computer software (Part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	21,400,158	1,659,472	(948,140)	-	-	-	22,111,490	(10,303,769)	867,866	-	(1,083,083)	(393,761)	(10,913,037)	11,198,463



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**Appendix B**  
June 2016

**Analysis of property, plant and equipment as at 30 June 2016**  
**Cost/Revaluation**  
**Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	258,481,149	78,094,867	(878,828)	-	-	-	258,481,149	(57,053,704)	-	-	(7,272,795)	-	(64,328,499)	192,154,650
Infrastructure	2,093,184,230	-	-	-	-	-	2,170,400,269	(551,946,234)	263,666	-	(68,756,816)	-	(620,439,384)	1,549,960,885
Community Assets	301,523,516	197,000	-	-	-	-	301,523,516	(46,288,267)	-	-	(6,650,483)	-	(52,938,750)	248,584,766
Heritage assets	165,344	-	-	-	-	-	362,344	-	-	-	-	(2,003)	(2,003)	360,341
Other assets	21,400,158	1,659,472	(948,140)	-	-	-	22,111,490	(10,303,759)	867,556	-	(1,083,083)	(393,751)	(10,913,037)	11,198,453
	<b>2,672,784,397</b>	<b>79,951,339</b>	<b>(1,826,968)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,760,878,768</b>	<b>(666,691,964)</b>	<b>1,131,222</b>	<b>-</b>	<b>(83,763,177)</b>	<b>(395,754)</b>	<b>(748,619,673)</b>	<b>2,002,259,095</b>
<b>Agricultural/Biological assets</b>														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>														
Investment property	336,656,624	-	-	-	-	-	336,656,624	-	-	-	-	-	-	336,656,624
	<b>336,656,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>336,656,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>336,656,624</b>
<b>Total</b>														
Land and buildings	258,481,149	78,094,867	(878,828)	-	-	-	258,481,149	(57,053,704)	-	-	(7,272,795)	-	(64,328,499)	192,154,650
Infrastructure	2,093,184,230	-	-	-	-	-	2,170,400,269	(551,946,234)	263,666	-	(68,756,816)	-	(620,439,384)	1,549,960,885
Community Assets	301,523,516	197,000	-	-	-	-	301,523,516	(46,288,267)	-	-	(6,650,483)	-	(52,938,750)	248,584,766
Heritage assets	165,344	-	-	-	-	-	362,344	-	-	-	-	(2,003)	(2,003)	360,341
Other assets	21,400,158	1,659,472	(948,140)	-	-	-	22,111,490	(10,303,759)	867,556	-	(1,083,083)	(393,751)	(10,913,037)	11,198,453
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	336,656,624	-	-	-	-	-	336,656,624	-	-	-	-	-	-	336,656,624
	<b>3,009,411,021</b>	<b>79,951,339</b>	<b>(1,826,968)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,087,535,392</b>	<b>(666,691,964)</b>	<b>1,131,222</b>	<b>-</b>	<b>(83,763,177)</b>	<b>(395,754)</b>	<b>(748,619,673)</b>	<b>2,338,915,719</b>



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**Analysis of property, plant and equipment as at 30 June 2015**  
**Cost/Revaluation**  
**Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	9,159,042						9,159,042							9,159,042
Landfill Sites (Separate for AFS purposes)														
Quarries (Separate for AFS purposes)														
Buildings	247,322,107						247,322,107	(49,460,349)			(7,593,355)		(57,053,704)	190,268,403
	<b>256,481,149</b>						<b>256,481,149</b>	<b>(49,460,349)</b>			<b>(7,593,355)</b>		<b>(57,053,704)</b>	<b>199,427,445</b>
<b>Infrastructure</b>														
High Voltage														
Low Voltage														
Medium Voltage														
Electrical Service Connections														
Public Lighting														
Paved Roads														
Unpaved Roads														
Traffic Management														
Sewerage Collection														
Sewerage Distribution														
Waste Water Treatment Works														
Water Connections														
Pump Station														
Water Retention														
Water Treatment Works														
Storage														
Source														
Storm Water														
Assets Under Construction														
<b>Community Assets</b>														
Community Halls														
Airfields														
Cemeteries														
Clinics														
Libraries														
Landfills														
Parks														
Recreational Halls														
Sports Centres														
Taxi Ranks and Bus Terminals														
Cemeteries														
Fire, safety & emergency														
Security and policing														
Buses														



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**Analysis of property, plant and equipment as at 30 June 2015**  
**Cost/Revaluation**  
**Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
Museums														
Historical Buildings														
Paintings & Artifacts														
	165,344	-	-	-	-	-	165,344	-	-	-	-	-	-	165,344
	<b>165,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,344</b>
<b>Specialised vehicles</b>														
<b>Other assets</b>														
Office Equipment	1,461,972	35,095	-	-	-	-	1,497,067	(664,905)	-	-	(72,343)	(6,132)	(743,390)	753,667
Furniture & Fittings	4,852,944	362,098	-	-	-	-	5,215,042	(2,615,557)	-	-	(249,390)	(21,589)	(2,866,536)	2,328,506
Plant & Equipment	877,291	112,006	-	-	-	-	989,297	(279,856)	-	-	(58,956)	(2,662)	(341,474)	647,823
Motor vehicles	8,943,190	2,462,739	-	-	-	-	11,405,929	(4,226,930)	-	-	(453,021)	(620,274)	(5,300,225)	6,105,704
Computer Equipment	2,025,289	267,535	-	-	-	-	2,292,824	(809,124)	-	-	(123,019)	-	(1,032,143)	1,260,681
Website Development Costs and														
Antivirus Software														
Website Development Costs and														
Antivirus Software														
Abattoirs														
Markets														
Airports														
Security measures														
Civic land and buildings														
Other buildings														
Other land														
Bins and Containers														
Work in progress														
Other														
Other Assets - Leased														
Surplus Assets - (Investment or														
Inventory)														
Housing development														
Other														
	<b>18,160,686</b>	<b>3,238,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,400,159</b>	<b>(8,696,372)</b>	<b>-</b>	<b>-</b>	<b>(956,729)</b>	<b>(650,657)</b>	<b>(10,303,758)</b>	<b>11,096,401</b>



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**Analysis of property, plant and equipment as at 30 June 2015**  
**Cost/Revaluation**  
**Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	256,481,149	-	-	-	-	-	256,481,149	(49,460,349)	-	-	(7,593,355)	-	(57,053,704)	199,427,445
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	165,344	-	-	-	-	-	165,344	-	-	-	-	-	-	165,344
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	18,160,686	3,239,473	-	-	-	-	21,400,159	(8,696,372)	-	-	(956,729)	(650,657)	(10,303,758)	11,096,401
	<b>274,807,179</b>	<b>3,239,473</b>	-	-	-	-	<b>278,046,652</b>	<b>(58,156,721)</b>	-	-	<b>(8,550,084)</b>	<b>(650,657)</b>	<b>(67,357,462)</b>	<b>210,689,190</b>
<b>Agricultural/Biological assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Website Development Costs and	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Antivirus Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>														
Land and buildings	256,481,149	-	-	-	-	-	256,481,149	(49,460,349)	-	-	(7,593,355)	-	(57,053,704)	199,427,445
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	165,344	-	-	-	-	-	165,344	-	-	-	-	-	-	165,344
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	18,160,686	3,239,473	-	-	-	-	21,400,159	(8,696,372)	-	-	(956,729)	(650,657)	(10,303,758)	11,096,401
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>274,807,179</b>	<b>3,239,473</b>	-	-	-	-	<b>278,046,652</b>	<b>(58,156,721)</b>	-	-	<b>(8,550,084)</b>	<b>(650,657)</b>	<b>(67,357,462)</b>	<b>210,689,190</b>

